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What are the Key Factors in Managing Diversity and Inclusion Successfully in Large International Organizations?

Abstract

Question: What are the key factors in managing diversity and inclusion successfully in large international organizations? Which companies are best in class and what does that entail?

Keywords

human resources, diversity and inclusion, large firms, diversity, inclusion, international organizations

Comments

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Executive Summary

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Question

What are the key factors in managing diversity and inclusion successfully in large international organizations? Which companies are best in class and what does that entail?

1. Introduction: Benefits from Diversity and Inclusion

¹International companies would benefit from the wealth of available business knowledge, differing experiences, and global perspectives that staff from diverse backgrounds can contribute. ²Of the 2006 DiversityInc Top 50 companies for diversity, these 42 companies had a 24.8% higher return than the Standard & Poor's 500 when measured over 10 years with dividends reinvested. Therefore, the ability to effectively manage diverse workforces in organizations is crucial for success in global business environments. I would like to find the success factors through “The Academic Approach” and “The Practical Approach.”

2. The Academic Approach: The key factors and general directions for managing diversity
The international company must acknowledge that diversity is not limited to only identifying employee differences based on nationality and ethnicity. We need to consider other aspects of diversity as well, so as to understand and appreciate the complexity of human capital composition. Also, we will suggest general directions in which to manage diversity successfully in international organizations.

1) What is diversity within organizations?:The categories for diversity can be classified into demographic diversity, organizational diversity and socio-cognitive diversity.

- ³**Demographic diversity** such as age, gender, ethnicity, and nationality. These are considered to be readily detectable attributes that can be easily characterized in particular individuals.
- ⁴**Organizational diversity.** Diversity also involves the organizational context that adds to the diverse perspectives of the group dynamism such as occupation and functions of the employees, seniority in the firm, and hierarchical ranking within the organization.
- **Socio-cognitive diversity**, which includes cultural and religious values, beliefs, knowledge level, and personality characteristics. (Appendix: Table 1)

2) Workforce Diversity and Strategic International Human Resource Management: Policies and practices in diversity management should ensure that there is continuous learning and adaptation in organizations. ⁵Alder strongly emphasized cultural synergy as an approach in managing workplace diversity.

- **At the macro-level of the organization system,** management needs to develop organizational policies and formal education programs that: create awareness and increase social consciousness; emphasize the importance of organizational culture, management responsibility and accountability; actively ensure the incorporation of diversity management as an integral part of the overall organizational development and change process; empowerment of management and employees so that they are more involved in the process of institutionalizing diversity; review corporate infrastructure, systems and policies that promote diversity; and create internal support systems that encourage diversity of thought and actions of staff from different socio-cultural backgrounds.
- **At the micro-level of the organization,** ⁶management needs to integrate and build upon the values and beliefs of the various members of the work team, and ⁷develop group strategies that produce better results and solutions, which are more innovative than the

single contributions of individual members.

3. The Practical Approach: The Best Practices for International Companies

There are leading companies for managing diversity and inclusion successfully. (Appendix: Table 2). In order to achieve their objectives for diversity, its common strategies are the establishment of formal councils and the implementation for diversity training programs. I will show some of best practices for the management of diversity and inclusion.

1) ⁸**Dell:** Dell believes that diverse workforces enable organizations to understand and better respond to the needs of its equally diverse customer base. Dell identified three critical business imperatives for diversity. As a result, Dell has created its own global culture, enabling it to cope successfully when there are regional changes in culture and society.

- **Mandatory annual online training programs:** Dell has introduced a number of internal diversity training programs. These initiatives vary from one-off workshops on a particular diversity issue to online training tools which help employees understand Dell's diversity framework and support the business case.
- **Creating a framework for managing work-life effectiveness:** Dell has found that flexible working has had a real impact on morale, giving employees a feeling of being empowered and trusted to manage their own workloads. Also, ensuring a work-life balance has helped Dell's high-potential female employees achieve a much greater success in juggling work and family commitments.
- **Management buy-in for diversity programs** have built a more flexible organization with stable, global diversity initiatives now in place.

2) ⁹**Toyota:** The commitment to diversity is part of every area of the business. Everything Toyota does is rooted in two fundamental principles: respect for people and continuous improvement.

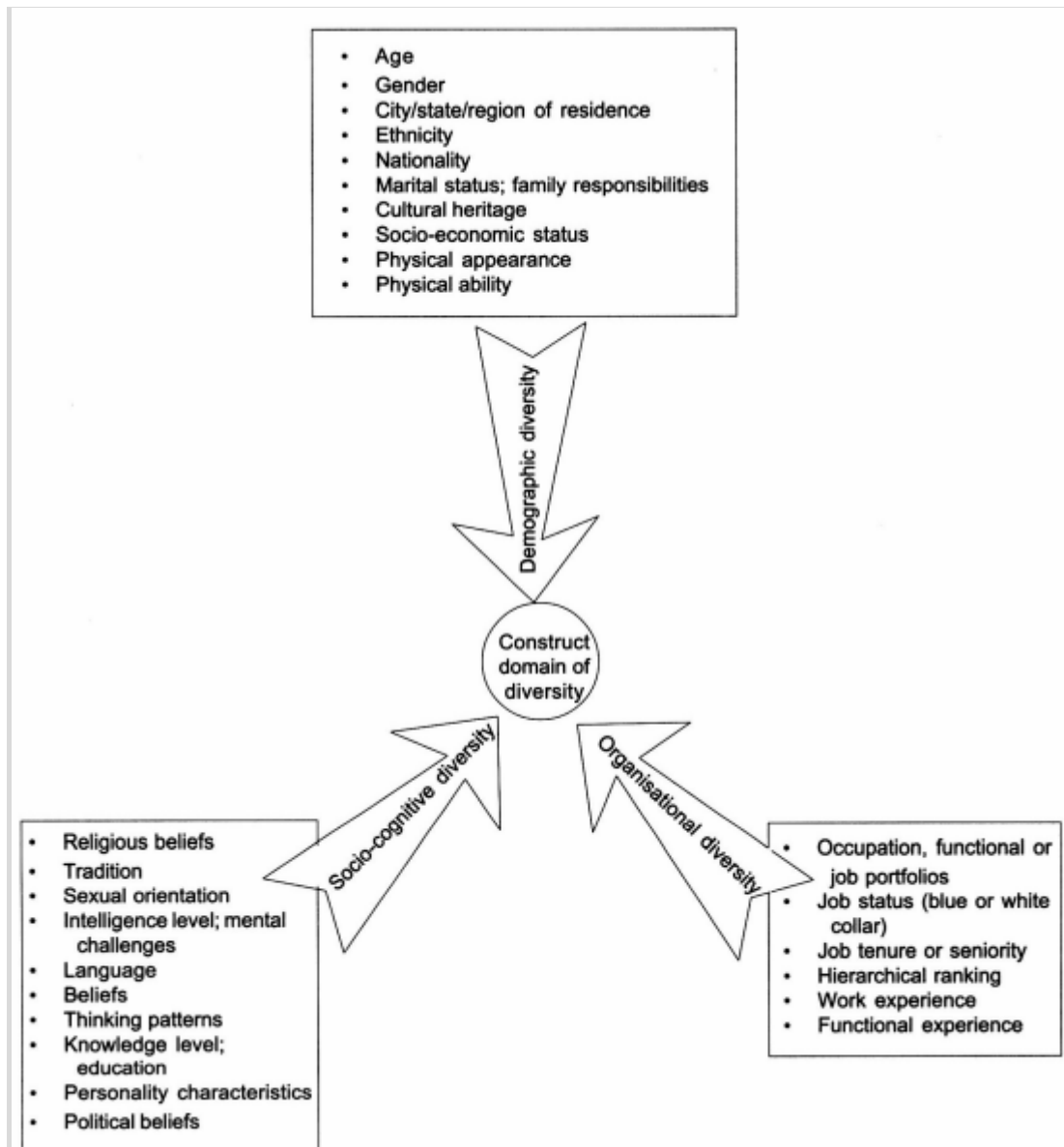
- **The Toyota 21st Century Diversity Strategy in 2001;** The multi-billion dollar strategic investment encompasses human resources, minority advertising, dealership development, community support and strategic oversight. As a result, Toyota has increased the number dealerships owned by ethnic minorities and women, as well as its philanthropic giving to organizations that serve diverse populations.
- **The company's external Diversity Advisory Board,** which is comprised of some of the America's most recognized leaders in the fields of diversity, public policy and community relations. The Toyota Diversity Advisory Board's main purpose is to bring expert outside perspectives to help them shape and maintain their commitment to diversity.

3) ^{10,11}**Coca-Cola Company:** its global diversity mission is that they will mirror the rich diversity of the marketplace they serve.

- ¹²**Diversity Councils and Business Resource Groups:** Diversity advisory councils have roundtable discussions with associates and Business Resource Groups, to implement and maintain programs that help assure the success in embracing the similarities and differences of people, cultures and ideas. The Councils make recommendations for senior management on how to advance the Company's efforts towards achieving their diversity goals. Additionally, Business Resource Groups provide their associates with opportunities to connect with colleagues who share similar interests and backgrounds.
- **Diversity Education and Training:** Various diversity education program efforts have moved from minimizing conflict to strengthen their ability to amplify, respect, value and leverage their differences in order to drive sustainable business results. Three pillars of diversity education are Diversity Training, a Diversity Speaker Series and Diversity Library. Ongoing diversity training helps drive employee engagement, and create a work environment that visibly values and leverages diversity and accelerates productivity.

Appendix

Table 1. ¹Construct Domain of Diversity



²Table 2. America's Top Organizations for Multicultural Business Opportunities in 2013

America's Top Organizations for Multicultural Business Opportunities			
Rank	Top 50 Corporations	Rank	Top 50 Corporations
1	Wal-Mart Stores, Inc.	26	Walgreens
2	AT & T Inc.	27	Pacific Gas & Electric
3	IBM	28	Target Corporation
4	Northrop Grumman Corporation	29	Colgate-Palmolive Company
5	Office Depot Inc.	30	Wells Fargo
6	Cisco Systems, Inc	31	General Motors
7	Verizon	32	The Home Depot, Inc
8	Raytheon Company	33	Johnson & Johnson
9	Dell	34	Nordstrom
10	Apple Inc.	35	Comcast Corporation
11	Lockheed Martin	36	General Electric
11	Time Warner Inc.	37	Pfizer
12	Toyota	38	Kraft Foods
13	Boeing Company	39	Hospira
14	The Coca-Cola Company	40	Microsoft
15	Kroger	40	MillerCoors
16	Ford	41	Turner Construction Company
17	J.C. Penney Company, Inc.	42	Ahold USA
18	Altria	43	Accenture
19	Hewlett-Packard	44	Capital One Financial Corporation
20	Blue Cross and Blue Shield Association	45	Hilton Worldwide
21	United Parcel Service	46	New York Life
22	United Technologies Corporation	47	Avis Budget Group
23	Super Valu Inc.	48	OfficeMax
24	PepsiCo Inc.	49	Metlife
25	Chrysler	50	Novation

¹ Choy, William K W, Singapore Management Review; 2007;29,2; Globalisation and Workforce Diversity: HRM Implications for Multinational Corporations in Singapore.

²DiversityBusiness; <http://www.diversitybusiness.com/Resources/DivLists/2013/DivTop50/2013Div50C.htm>

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- ¹⁰ Coca Cola; <http://www.coca-colacompany.com/our-company/diversity/>
- ¹¹ Dobbin F, Kalev A, and Kelly E, 2007. "Diversity Management in Corporate America." Contexts, Vol 6 No 4, pp. 21-27
- ¹² DiversityInc; <http://www.diversityinc.com/the-coca-cola-company/>