

Understanding Diversity in Today's Global Workforce and Strategies to Manage and Measure it



With workforce diversity gaining importance, managing it becomes a difficult task for organizations. First step in developing a diversity program is to define what 'diversity' means to the organization. The general trend is towards a broader, more inclusive definition, extending beyond visible aspects. There are 'hard' reasons for companies to adapt diversity initiatives and inculcate a culture of diversity in their way of thinking.

With workforce diversity gaining importance, managing it becomes a difficult task for organizations. Managing diversity is about ensuring that all employees have the opportunity to maximize their potential and enhance their self-development and their contribution to the organization. Diversity management is also about recognizing how workforce constituting people from varied backgrounds can bring creativity and new insights to the table. This, in turn, can improve products and services by enhancing efficiency. The creativity and innovation also brings about competitiveness for the organization. But truly understanding the significance of having a diverse workforce, getting the management and em-

Changes in the social and economic landscape have brought the issues around equality, ethics and employee diversity to the forefront of the war for talent for organizations working in a global scenario.¹ In the Corporate Leadership Council's research on Attracting and Retaining Critical Talent (2006) diversity is one of the 38 attributes which are most important for attraction and retention in an increased labor market competition and complexity.²

With the Indian workforce increasingly constituting greater number of women, Generation Y, mature workers, expatriates and people with disabilities; the diversity issues are now considered important and are projected to become even more important in the future. However, in India it is still an emerging concept for organizations unlike their counterparts in developed countries where diversity in workforce is also a legislative requirement.

¹ Chartered Institute of Personnel and Development (March 2005), "Managing Diversity: People make the Difference at Work – but Everyone is Different".

² Corporate Leadership Council (2006), "Attracting and Retaining Critical Talent Segments – Identifying Drivers of Attraction and Commitment in the Global Labor Market".

employees' buy-in and building a diversity culture in the organization is a complex and challenging task.

Though there is no 'one-size-fits-all' approach in overcoming the diversity challenges in a global workforce and managing it, organizations need to adapt from various best practices and tailor their diversity programs.

Diversity Defined: Some Diversity Definitions

First step in developing a diversity program is to define what 'diversity' means to the organization. The general trend is towards a broader, more inclusive definition, extending beyond visible aspects such as race, age, or gender. According to Esty, *et al.*, (1995), "Diversity is generally defined as acknowledging, understanding, accepting, valuing and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation,

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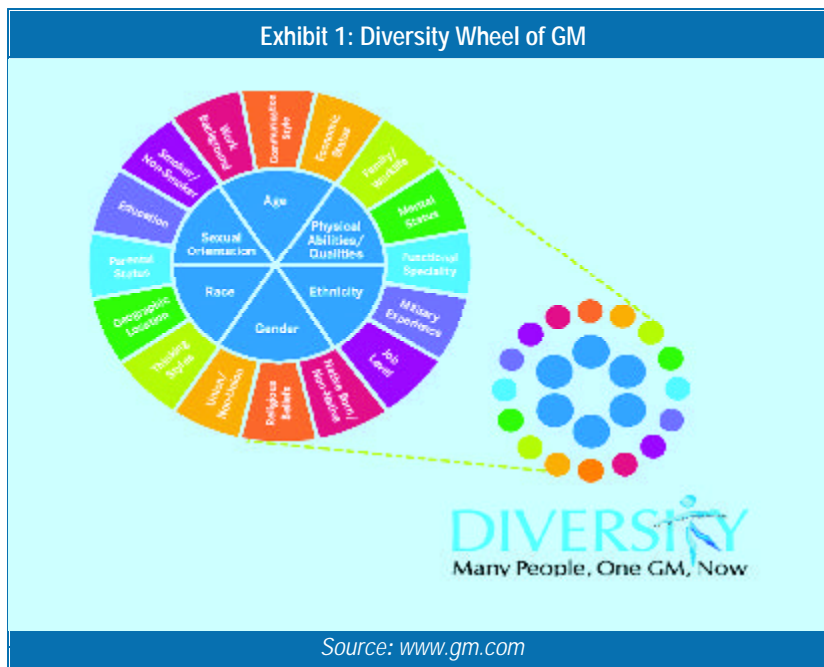
spiritual practice and public assistance status".³

IBM's definition of diversity also demonstrates this trend: "The governing word in defining diversity is 'inclusive.' IBM describes it in the context of race, gender, physical abilities, sexual orientation, economic status, culture, lifestyle, geography and thought...They are expanding upon the foundation that Equal Opportunity and affirmative action have provided them over the last 30 years."⁴

General Motor's diversity logo (Exhibit 1) illustrates some of the dimensions that compose one's identity.⁵ The inner ring highlights the traditional dimensions of difference, often described as unchangeable or inherited by birth. The outer ring includes the dimensions that relate to a person's work and life choices. The logo and tagline 'Many People, One GM, Now' is used to brand GM's diversity initiatives and show that GM aims at creating a culture and a business environment based upon inclusion and understanding of all types of differences.

According to the CIPD definition, "Diversity is valuing everyone as an individual—valuing people as employees, customers and clients. It consists of visible and non-visible factors which include personal characteristics such as background, culture, personality and work-style in addition to the characteristics such as race, disability, gender, religion and belief, sexual orientation and age."⁶

All of these diversity definitions develop upon the most popular and comprehensive definition which was given in 1998 by Kandola and



³ Esty Katharine, Griffin Richard and Schorr-Hirsh Marcie (1995), "Workplace Diversity. A Manager's Guide to Solving Problems and Turning Diversity into a Competitive Advantage", Adams Media Corporation, Avon, MA.

⁴ Society for Human Resource Management (2003), "How Should My Organization Define Diversity?"

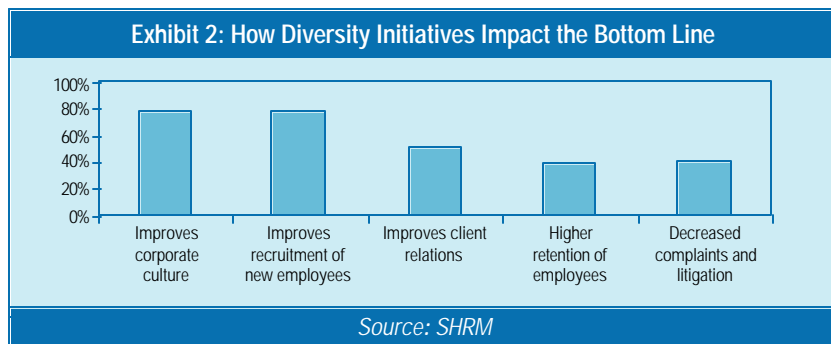
⁵ Loden Marilyn and Rosener Judy B (1991), "Workforce America! Managing Employee Diversity as a Vital Resource", McGraw-Hill, New York.

⁶ Chartered Institute of Personnel Development (2007), "Diversity: An Overview", www.cipd.co.uk/subjects/dvsequl/general/divover.htm?IsSrchRes=1, Accessed on October 24, 2008.

Fullerton. According to them, “The basic concept of managing diversity accepts that the workforce consists of a diverse population of people consisting of visible and non-visible differences including factors such as sex, age, background, race, disability, personality and work style and is founded on the premise that harnessing these differences will create a productive environment in which everyone feels valued where all talents are fully utilized and in which organizational goals are met.”⁷

They have used the acronym MOSAIC to define the chief characteristics of the diversity-orientated organization:

- ❖ Mission and values which consider diversity management imperative for an organization.
- ❖ Objective and fair processes and procedures need to be present in an organization to prevent employee dominance. Also these needs are to be audited regularly to ensure their effectiveness.
- ❖ Skilled workforce which is aware of how their biases and prejudices can affect their decision-making. Managers who not only effectively handle diversity issues but also stress on performance excellence.
- ❖ Active flexibility displayed by such organizations in working culture, policies, procedures and processes.
- ❖ Individual focus that is respecting individual differences. Developing and promoting all employees, irrespective of the group differences.



❖ Culture that empowers the employees by providing openness and promoting trust.

The Need for Diversity: Business Case

Organizations need to realize that diversity is simply not a moral responsibility or a societal goal. There are ‘hard’ reasons for companies to adapt diversity initiatives and inculcate a culture of diversity in their way of thinking—diversity needs to be viewed as a competitive advantage and a business opportunity.

Choosing ‘Business Case’ as the Diversity Argument

The Conference Board’s report on Diversity: An Imperative for Business Success (1999) mentions that for years HR professionals have been arguing about that factors which have been driving diversity initiatives. From compliance issues to moral imperative as a diversity driver have been considered by them.

However, the ‘business case’ (i.e., the impact diversity has directly or indirectly on business) for implementing diversity seems to be the strongest argument because the bottom line is always very persuasive for managers and boards in general. Organizations are considering variables such as employee and customer

satisfaction, turnover rates and productivity as reasons for promoting diversity.⁸

Some Facts on Benefits from a Diverse Workforce

A 2004 Catalyst report reveals that there is a clear relation between gender diversity and company’s financial performance. Companies which have a greater representation of women in the top management team have 35% better ‘Return on Equity’ than those companies with low representation.⁹

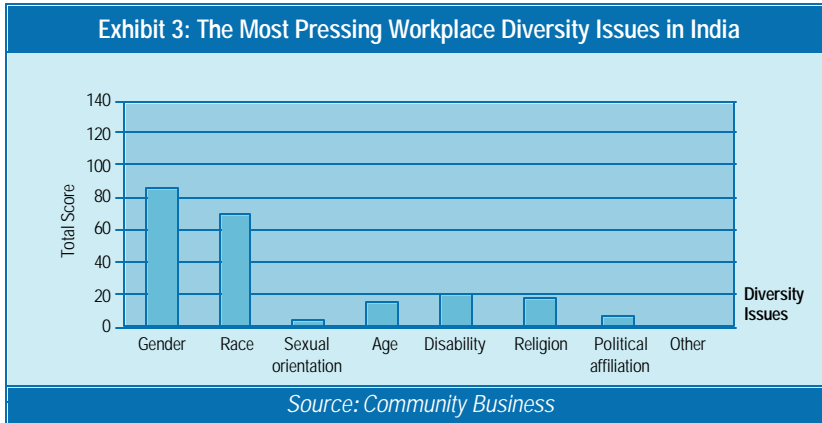
Respondents to the Society for Human Resource Management’s and Fortune’s 2001 survey ‘Impact of Diversity Initiatives on the Bottom Line’ list many benefits arising from diversity initiatives. As illustrated in Exhibit 2, four of the top five benefits are employee related and focus on employee relations.¹⁰

⁷ Kandola RS and Fullerton Johanna (1998), “Diversity in Action: Managing the Mosaic (Developing Strategies)”, 2nd Edition, Chartered Institute of Personnel & Development, UK.

⁸ Martino Jean-Marie (1999), “Diversity: An Imperative for Business Success”, The Conference Board.

⁹ Catalyst (January 2004), “The Bottom Line: Connecting Corporate Performance and Gender Diversity”.

¹⁰ Society for Human Resource Management (September 2002), “Impact of Diversity Initiatives on the Bottom Line”.



Innovation – A Unique Diversity Benefit

Also, companies are beginning to realize that a diverse workforce motivates new ideas and, thereby, stimulates innovation. This in turn leads to greater productivity and profitability. According to a Conference Board report, for years, Procter & Gamble’s belief in diversity is being translated into innovation. Moreover, when ideas are shared among people of various ages, ethnic backgrounds and sexual orientation, each brings a fresh perspective to the table and this as a result leads to innovation in organizations.¹¹

Diversity Management: Leading Practices and Strategies

Diversity Issues and Barriers in India: Where Should the Focus be?

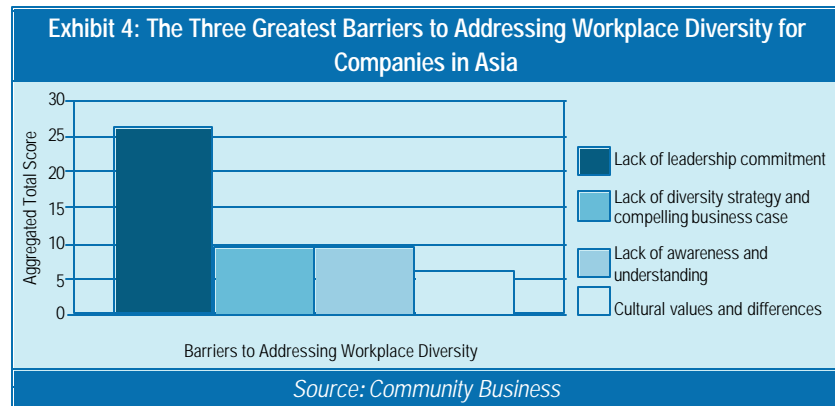
According to a 2006 report on Workplace Diversity in Asia,¹² the most pressing workplace diversity issue in India is of gender, whereas sexual orientation which is considered important in developed countries and global MNCs barely receives a mention (Exhibit 3).

As per this report, ‘lack of leadership commitment’ is considered to be the biggest barrier to address-

ing workplace diversity in Asia. This is followed by ‘lack of diversity strategy and compelling business case’ and ‘lack of awareness and understanding’. The third greatest barrier is considered to be ‘cultural values and differences (Exhibit 4).

Thus Indian organizations must bear in mind that the strategies and practices they choose should address these issues and overcome these barriers.

Any diversity management strategy should understand certain factors which encourage better per-



¹¹ Lester Sandra (January 2006), “Diversity and Profitability: Making the Connections”, The Conference Board Europe.

¹² Community Business (March 2006), “Workplace Diversity in Asia: Pressing Issues and Barriers”, www.communitybusiness.org.hk/documents/Workplace_Div.pdf, Accessed on November 03, 2008.

¹³ Lockwood Nancy R (2005), “Workplace Diversity: Leveraging the Power of Difference for Competitive Advantage”, SHRM Research Quarterly, No. 2.

formance in the area of diversity management.

Factors Which Encourage Better Performance

According to Lockwood (2005), the following factors encourage better performance in terms of diversity¹³:

- ❖ Recruiting diverse employees must have a consistent pattern.
- ❖ Management must be accountable to implementing diversity.
- ❖ Such committed leaders need to be present who demand diversity.
- ❖ Employees who contribute to the diversity policies need to be recognized and rewarded.
- ❖ Diversity’s impact on business should be communicated to the workforce by regular training.

Leading Diversity Management Practices

The US Government Accountability Office (US GAO), as part of the request that it reports on the federal government’s performance in

Exhibit 5: Leading Diversity Management Practices Identified by a Majority of Experts

- Top leadership commitment to diversity.
- Inclusion of diversity as part of an organization's strategic plan.
- Diversity linked to performance.
- Measurement of the impact of diversity program.
- Management accountability for progress of diversity initiatives.
- Succession planning for developing diverse talent into organization's future leaders.
- Recruitment of attracting diverse applicants.
- Employee involvement in driving organization-wide diversity.
- Diversity training in order to educate employees about diversity management.

Source: United States Government Accountability Office

managing its diverse workforce, identified nine leading diversity management practices after speaking with experts in the field or reviewing their publications. The practices cited by the majority are discussed in Exhibit 5.¹⁴

Bringing Diversity in the Mainstream

CIPD suggests the model (Exhibit 6) for organizations to move from where most are at present to a situation in which diversity enters the mainstream.¹⁵ According to this model, a holistic and inclusive ap-

Exhibit 6: Managing Diversity – How to Move Equity Forward

Group Focus	→	Individual focus
Exclusive application	→	Inclusive applications
Piecemeal	→	Holistic strategy linked to business goals
Integrating into existing culture	→	Inclusion into an open culture
Removing barriers	→	Nurturing potential
Complying with the law	→	Developing best practice

Source: Chartered Institute of Personnel Development

proach to managing diversity is required which not only complies with the law but also is managed as the best practice by the organization.

All the literature, including the ones mentioned above, lists similar strategies for diversity management. However, the key is proper implementation of these practices and a regular audit to determine if the practices are yielding results for the organization.

Measuring Diversity

Measuring diversity efforts is an important and challenging area in

the practice of diversity. The following steps will help increase the likelihood that diversity initiatives will be effectively measured.¹⁶

- ❖ Identify the goals of the effort. Initiatives tend to fall into one or combination of these categories—creating and retaining a diverse workforce, managing it, valuing a diverse workforce or leveraging it.
- ❖ Establish clear performance indicators/benchmarks as this will help eliminate disagreement about whether progress is being made.
- ❖ Monitor progress periodically based on established benchmarks.

Diversity Metrics

In order to succeed, diversity initiatives require valid metrics to benchmark results and assess whether goals have been reached. Organizations can utilize several of these metrics are explained in Table.¹⁷

Exhibit 7: Four Components of BellSouth's Diversity Scorecard

1 Diversity in terms of actual numbers.	2 Amount of success of diversity training.
4 Effectiveness of programs and policies that create and foster diversity.	3 Financial contribution and productivity of each business unit.

Source: Corporate Leadership Council

¹⁴ United States Government Accountability Office (January 2005), "Diversity Management: Expert-Identified Leading Practices and Agency Examples", www.gao.gov/cgi-bin/getrpt?GAO-05-9, Accessed on October 25, 2008.

¹⁵ Chartered Institute of Personnel Development (2007), "Diversity: An Overview", www.cipd.co.uk/subjects/dvsequl/general/divover.htm?IsSrchRes=1, Accessed on October 24, 2008.

¹⁶ Gray Jim (1998), "Key Steps in Measuring Diversity and Inclusion Effort", Center Solutions, www.greatorganizations.com/pdf/CS_winter_98.pdf, Accessed on October 24, 2008.

¹⁷ DiversityInc.com (2006), "Measuring Your Company's Diversity", Accessed on November 01, 2008.

Table: Common Diversity Metrics	
Metric	Definition
Diversity Representation at Executive, Manager, Exempt, Non-Exempt Levels.	Percentage of executives, managers, exempt, and non-exempt employees by diversity group.
Diversity Turnover at Executive, Manager, Exempt, Non-Exempt Levels.	Turnover (voluntary/involuntary) among diverse groups by executive, manager, exempt, and non-exempt levels.
Diversity Promotion Rates at Executive, Manager, Exempt, Non-Exempt Levels.	Promotion of diverse employee groups in executive, manager, exempt, and non-exempt levels compared to entire employee population.
Diversity Hire Rates at Executive, Manager, Exempt, Non-Exempt Levels.	Hiring of diverse employee groups in executive, manager, exempt, and non-exempt levels compared to entire employee population.
Discrimination Grievance Rate.	Number of discrimination-related complaints filed per employee population.

Source: DiversityInc.com

The Equity Continuum and Diversity Gap Tool Template

Trevor Wilson, CEO of TWI Inc., developed a five-step tool which he calls The Equity Continuum, to show the different stages companies progress through while striving toward an equitable employment system. This continuum helps companies compare their status against other organizations. The continuum is illustrated in the Exhibit 8.

Wilson and some other executives formed The Trinity Group which includes executives from companies such as IBM, Nortel and Ernst & Young. They developed a software tool that helps organizations measure their diversity progress and see what improvements need to be made. The software tool walks users through four steps called the Diversity Gap Tool Template (Exhibit 9). The tool incorporates The Equity Continuum described earlier.

Diversity Scorecards

To measure the effects of diversity programs, some organizations develop scorecards. Such scorecards allow organizations to track the impact of diversity across various areas of the business, from recruiting to turnover to training. BellSouth, an American telecommunications holding company, uti-

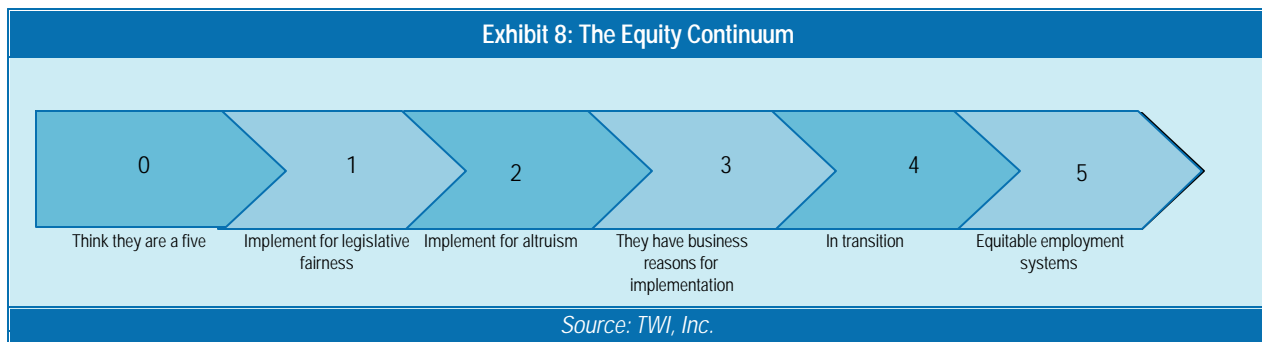
lizes a four-quadrant balanced scorecard to measure diversity (Exhibit 7).¹⁸

To further encourage accountability, the direct reports to the company's chairman are responsible for the diversity balanced scorecards and BellSouth ties the direct reports' pay to their success against the scorecard.

Diversity Management in Practice

Diversity at Deloitte^{19, 20}

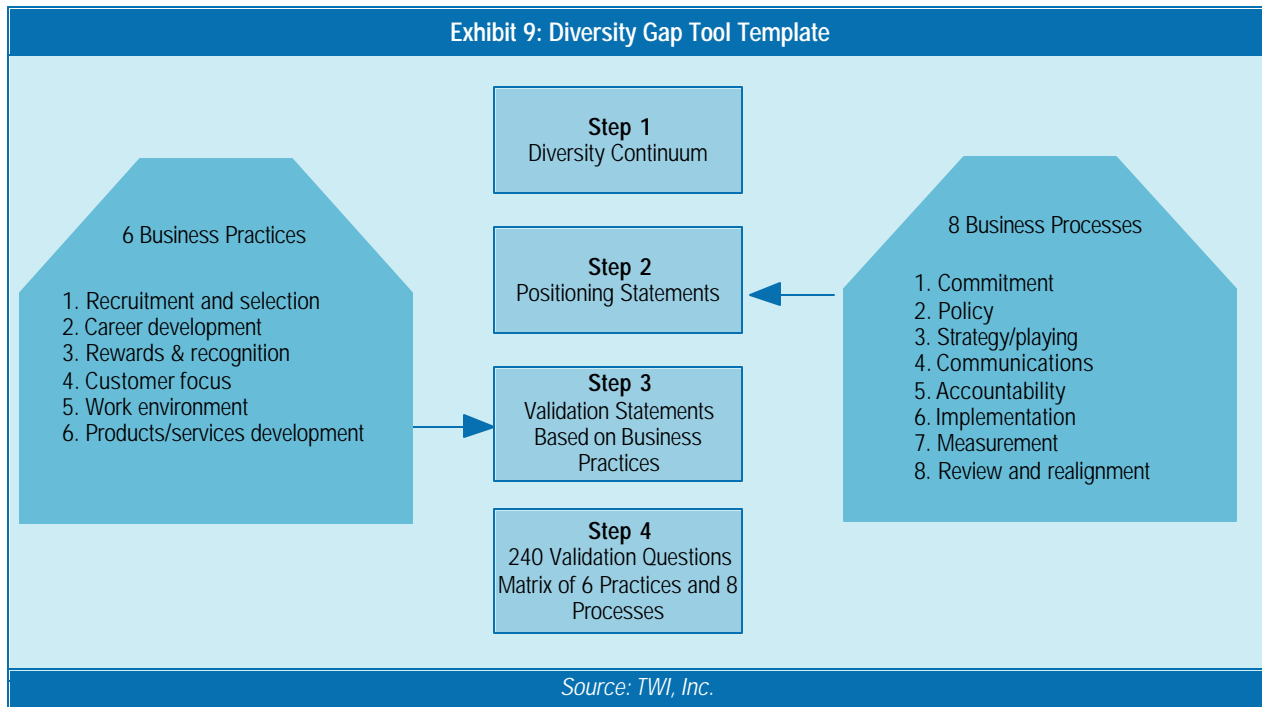
- ❖ What diversity means to Deloitte: According to Barry Salzberg, Chief Executive Of-



¹⁸ Corporate Leadership Council (July 2003), "Developing, Communicating, and Measuring Diversity Initiatives".

¹⁹ www.deloitte.com/dtt/section_node/0,1042,sid%253D2271,00.html, Accessed on November 05, 2008.

²⁰ Diversity & Inclusion 2007 Annual Report, www.deloitte.com/dtt/cda/doc/content/us_diversity_2007annualreport082908opt.pdf, Accessed on November 05, 2008.



ficer, Deloitte LLP, “Given the changing demographics in the marketplace and projections about the diversity of future labor pools, it’s evident that our success increasingly depends on the full use of the skills, talents and life experiences of all our people. We are committed to fostering a high performance culture and developing our talent, so every individual can reach their full potential.”

- ❖ Diversity initiatives: Some of Deloitte’s diversity and inclusion programs include ‘Breakthrough Leadership Program’ for high performing managers, ‘Inroads Leadership Development Program’. The most visible sign of Deloitte’s commitment to creating an inclusive environment is through their Business Resource Groups (BRG’s). It not only offers its members network-

ing and development opportunities, but also helps drive acceptance of diversity and inclusion by everyone in the organization. Apart from these, region-specific diversity initiatives exist throughout the firm.

- ❖ Apart from employee diversity, Deloitte also supports diversity in communities and does business with diverse suppliers.
- ❖ Recognition for diversity: Deloitte has regularly featured among Top 50 companies for diversity by DiversityInc., and has received several other accolades.

Diversity at UBS ^{21, 22, 23, 24}

- ❖ What diversity means to UBS: According to Mona Lau, Global Head of Diversity and Global Head of Campus Recruiting, “By Diversity we mean the recognition and appreciation of

multiple backgrounds, cultures and perspectives within our organization. We have to build on these differences to produce cross-cultural teams that generate new ideas and creative solutions for our increasingly diverse clients.”

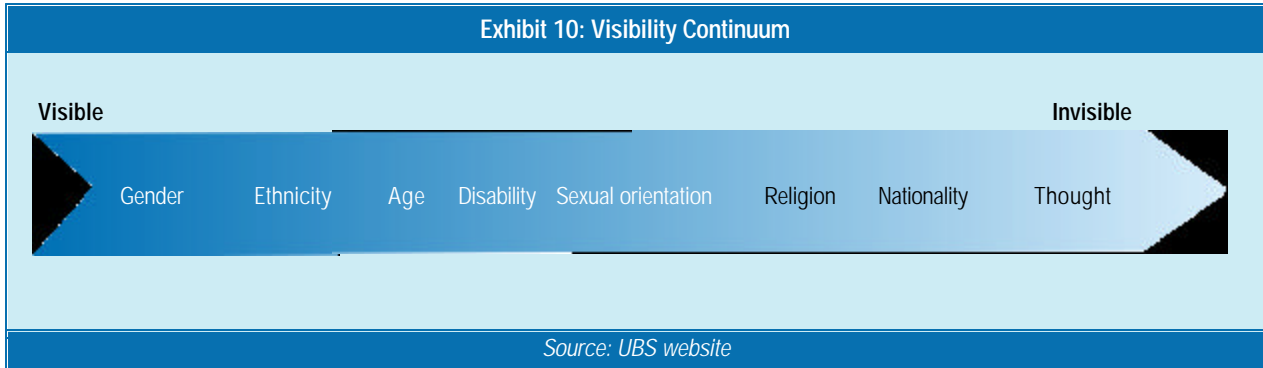
- ❖ Diversity is one of UBS’s core values and is considered essential for the organization’s global success. The UBS visibility continuum for diversity is given in Exhibit 10.

²¹ www.ubs.com/1/e/about/diversity.html, Accessed on November 05, 2008.

²² www.ubs.com/1/e/about/diversity/diversityatubs.html, Accessed on November 05, 2008.

²³ www.ubs.com/1/e/about/diversity/program_initiatives.html, Accessed on November 05, 2008.

²⁴ www.ubs.com/1/e/about/diversity/awards.html, Accessed on November 05, 2008.



- ❖ Diversity initiatives: UBS diversity programs and initiatives include 'UBS career comeback'—A program for professionals, especially women re-entering the workforce. Some other examples are Women's Business Network Mentoring Program, Parent Match, Work-life balance initiatives such as Flexible Work Arrangements, Flexible and Domestic Partner Benefits, Work-Life Assistance Program, Health and Fitness Initiatives, Childcare and Paternal Leave.
- ❖ Recognition for diversity: UBS has been regularly recognized as Top 10 of 100 best companies for working mothers by *Working Mothers Magazine* and Top 100 workplaces in Europe, the UK by *The Financial Times*.

Diversity at Infosys^{25, 26}

- ❖ What diversity means to Infosys: According to the company website, "Infosys encourages diversity and inclusivity at the workplace. We help our employees realize their potential by respecting differences of gender, culture, orientation and physical ability. As an equal-oppor-

tunity employer, we strive to create a workplace that is free of barriers in the path of progress."

- ❖ Diversity initiatives: Infosys has established a company office to manage and drive all company initiatives dealing with diversity and inclusion. Today they have employees from over 70 countries and women constituting more than 32% of its workforce.
- ❖ 'Infosys Women Inclusivity Network' (IWIN) promotes a gender-sensitive work environment. It recognizes the unique aspirations and needs of women. The organization actively seeks to hire and train persons with disabilities. 'Infosys' Family Matters Program' launched a portal to address the needs of working parents. The portal discusses work-life balance policies, offers parenting counselling and organizes parenting workshops.
- ❖ Recognition for diversity: Infosys won the first NASSCOM-India Today Corporate Award for excellence in gender inclusivity in 2007. In 2006 and 2007, Infosys BPO re-

ceived the Helen Keller Award for the best employer from the National Center for Promotion of Employment for Disabled People (NCPEDP).

Conclusion

A diverse workforce is important for business success. Achieving greater workforce diversity is a key for countries across the world and is gaining importance even in India. To achieve this, companies are undertaking a wide range of initiatives and are succeeding in changing their workforce profile. This is resulting in a variety of benefits from improving the bottom line to increasing innovation.

However, the most vital ingredient of a diversity strategy is measuring it and companies which are able to do so are the ones which are considered to be the most serious about this 'human' aspect of human resource management. ▶◀

Reference # 12M-2009-02-09-01

²⁵ www.infosys.com/beyond-business/diversity.asp, Accessed on November 05, 2008.

²⁶ www.infosys.com/beyond-business/celebrating-diversity/default.asp, Accessed on November 05, 2008.

