

bridging the gap between diversity & talent management



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In today's rapidly changing economy, understanding diversity and its impact on talent management is essential for success on a global platform. Companies thriving in this area exhibit readiness to promote diversity in the workplace and the ability to attract and retain top talent. It is a priority that is driving companies to align their talent strategies to address diversity needs and to increase their visibility as diversity-focused employers.

A great example of the growing focus is the diversity and inclusion strategy of the Kellogg Company, the world's leading cereal maker. According to its 2012 Diversity and Inclusion Annual Report, Kellogg showcased a diversity supplier spend of \$380 million. In addition, the company dedicated 85% of its philanthropy spend toward diverse and charitable organizations targeting underserved communities.¹ As a result of these efforts, the Kellogg Company was named as one of DiversityInc's top 50 Companies for Diversity.

To be a leader in the global market means leveraging diversity to meet the changing demographics of customers. Therefore, it is critical for organizations to take a closer look at diversity strategy and talent management goals to prepare for the future. According to the U.S. Census Bureau's International Database,² there is a decline in the annual growth rate of the world population. By 2019, the growth rate is anticipated to be less than 1% per year.

The decline in the growth rate underscores the need to plan for demand and prepare for possible talent shortages. In the U.S., many organizations' top leaders are part of the aging workforce demographic known as "Baby Boomers." The U.S. Census Bureau defines Baby Boomers as those individuals born post World War II between 1946 and 1964.³ As many of the Baby Boomers retire, they will take with them historical business intelligence. Generational diversity

is as important as other forms of diversity and includes connecting older workers with an infusion of the newer tech-savvy generation.

While companies like Kellogg have an advanced and well-supported diversity strategy in place, the reality is that diversity strategies across companies vary greatly in maturity and level of commitment. For many organizations, even those that have engaged in some level of diversity-related activity, the real challenge today is to develop and implement a cohesive strategy that represents the company as a whole.

at a glance:

diversity and talent, key drivers and needs

Talent scarcity | Shrinking talent supply requires inclusive approach to secure critical talent.

Changing demographics | Companies are striving to reach out to older workers, veterans, and other groups as part of their diversity effort.

Taking a strategic approach | An enterprise diversity strategy requires a focus on fundamentals, including:

- Diversity statement
- Cultural competence
- Diversity goals

Successful diversity and inclusion programs go far beyond a recruitment target or checking a box for human resources.

These programs represent a strategic advantage that is part of an organization's global footprint. According to an article in *U.S. Banker*, "Diversity and Profit: Working the Fundamentals," research illustrates that the more diverse executive management teams are, the greater profits and revenues they generate.⁴

Challenges to a diversity strategy

With a positive impact to the bottom line, why are many companies hesitant to support a diversity initiative? Historically, companies have had to address several points of resistance in this area.

Some of the more common challenges and misperceptions about workplace diversity include:

- **Inability to start the dialogue** | If it is not a concern of leadership, most managers are afraid to begin a discussion about diversity.
- **Lack of financial support** | Demonstrating the return on investment (ROI) to leadership remains a key issue.
- **Quotas** | One of the most common misperceptions is that diversity and affirmative action programs serve as a means to create quotas versus adding value.
- **Lack of understanding** | Training and communication on the benefits of diversity and inclusion help to overcome the fear of the unknown.
- **Overcoming personal bias** | One's own personal bias, based on one's own unique life experience, impacts the ability to accept change and embrace workplace diversity.
- **Women and minorities only** | Another major misconception is that diversity only encompasses women and minorities. There are many groups that make up a diverse workplace including lesbian, gay, bisexual and transgendered (LGBT); veterans; older workers; and the disabled.

Establishing the foundation for an effective strategy

Identifying and dispelling negative perceptions can help to clear the path to meaningful diversity transformation. As with any aspect of talent and company culture, however, establishing or evolving a diversity strategy can turn into a complex undertaking. By understanding the priorities that drive an effective diversity strategy, leaders can better manage competing needs and effectively establish the foundation for continuous improvement and impact. These priorities include establishing the diversity statement, understanding cultural competence and barriers to inclusion, and identifying impactful diversity goals.

1. Diversity statement

How does your organization define diversity? Is it a broad statement that serves to meet your legal compliance obligations? Is it a statement that expresses the diversity of thought, innovation, and creativity of your workforce? It is important to have a diversity statement that clearly and honestly reflects the vision and direction of the organization. The statement should exemplify the need for a progressive and forward-looking talent pool at all levels.

A culture of true diversity and inclusion must value all employees, regardless of title, position, or background. There is no one-size-fits-all diversity statement. For any particular company, the approach should embody overall organizational goals and objectives, while taking into account the various demographics of the organization today, as well as in the future. The organizational definition of diversity provides the foundation to communicate the vision of building a more inclusive and innovative work environment. It sets the tone for internal diversity initiatives.

The most common problem with diversity and inclusion programs is the lack of clarity in defining diversity.

According to a 2012 study by Greatheart Leader Labs, it is essential that all leaders, especially white males, are included in strategic diversity planning.⁵ The Greatheart study states that white male leaders who “have at least one close career confidante who is a person of color, were more than twice as likely to mentor, promote, and sponsor employees of color.” Many leaders are caught in the conundrum of supporting diversity programs without fully understanding what diversity means and how it applies to them individually.

A comprehensive diversity statement includes the following elements:

- Statement of purpose that clearly outlines why diversity is important to the organization
- Inclusive language to indicate openness to everyone, not just historically disenfranchised groups

- Linkage to corporate vision and values
- Statement of the strategic business benefits of diversity as a by-product
- Branding the organization as an employer of choice
- Linkage to talent management and succession planning goals

By establishing a succinct diversity statement, organizations create the vision of diversity and inclusion that is the foundation needed to develop a solid business case. It is imperative that the diversity statement is not simply words on a page, but the true collective beliefs and values of the organization that employees and managers use as a guiding path to success.

An example of a diversity statement:

We value leveraging the diverse talent, innovation and thoughts of our workforce. We are committed to respect, acceptance, and inclusion of all our employees in our success. Our diversity differentiates us from our competitors and represents the broad consumer market we serve, while continuously improving our overall quality, profitability, and service delivery.

2. Understanding cultural competence and barriers to inclusion

Most diversity and inclusion programs include a cultural competence education component. Cultural competence is a measure of how well an organization understands and manages cross-cultural differences internally. To bridge the gap between diversity and talent management, organizations must identify the problem areas and have honest and open dialogue to remedy issues on the front end. The key to understanding these differences is to first identify the barriers. According to Dr. Billy Vaughn, chief learning officer of Diversity Training University International (DTUI),⁶ there are 10 primary reasons why cultural barriers exist in the workplace:

- Ethnocentrism
- Symbol systems
- Formulation of the problem
- Differences in a sense of fairness
- Sense of history
- Dehumanization
- Morality
- Avoiding identification of cultural barriers
- Unwillingness to deal with even the obvious cultural barriers
- Power

By recognizing the barriers, an organization can focus on gaining a deeper awareness of its own cultural competence. When organizations avoid the barriers and do not address them, they lack the readiness to embrace substantial diversity and inclusion.

How individuals view themselves and formulate a sense of belonging determines their willingness to hire, promote, coach or mentor a diverse pool of talent.

For example, if a leader in the organization is limited by ethnocentrism, he or she may unconsciously miss out on highly engaged and effective candidates because of a belief that the candidate is somehow lacking due to cultural differences.

One way to examine cultural competence closely is to ask what it means to be culturally different. There are numerous possible answers to that question. For example, to be culturally different can mean being from different countries, having different religious beliefs, possessing a different sexual orientation, or operating on a different moral principle system. Another way to view cultural competence is to look at the organization in its current state and ask the following questions:

- Is there a diverse leadership team managing the day-to-day operations?
- Are there diversity champions who take an active role in coaching, mentoring, and educating?
- Does the overall workforce reflect the changing demographics of society?
- Is diversity of thought and innovation encouraged and welcomed?
- Does the company support employees' efforts to learn a second language?
- Are there specific and measurable diversity outreach recruitment efforts?
- Do hiring managers feel "burdened" or "empowered" to hire diverse candidates?
- Do hiring managers provide "lip service" or have actionable plans been developed and implemented to improve diversity in their respective areas?
- Does the company support employee resource groups (ERGs)?
- Is the company's diversity program all-inclusive and open to anyone who wants to participate?

Asking questions and being aware of individual biases and perceptions are important steps to identifying internal roadblocks. Once barriers are identified, they must be addressed in order to build the foundation for a successful diversity and inclusion program.

3. Impactful diversity goals

Diversity goals should be aligned with the overall vision and strategic plan of the organization. Goals should be impactful, measurable and, most of all, realistic. Many diversity and inclusion initiatives fail when organizations set lofty goals that are unattainable. The following are key considerations in setting diversity goals:

- **Link goals to senior leadership performance** | When there is a top-down approach to diversity goals, it is easier to gain buy-in at all levels.
- **Exemplify the vision** | A dynamically diverse workforce represents the changing demographics of the world marketplace.
- **Be compliant** | In the U.S. there are several federal employment laws that protect historically disenfranchised groups, including women, minorities, veterans, and the disabled. It is important to ensure goals are inclusive and that they do not create additional barriers to equal employment opportunities. Federal contractors have additional requirements under the Office of Federal Contract Compliance Programs (OFCCP) to ensure goals are outlined in their affirmative action plans (AAPs) that demonstrate good faith efforts to recruit, promote, and retain diverse talent.
- **Represent all groups** | The traditional view of diversity encompasses women and minorities only. Consider goals for veterans, the disabled, and the LGBT population.
- **Be region-specific** | Set smaller region-specific goals to accompany the overall goals. For example, in Middle Eastern countries there is a continued emphasis on a male-dominated professional society; one goal may be more focused on gender diversity and building a pipeline of women professionals versus other forms of diversity.
- **Know your limits** | Research the available labor pools in each market. If one location does not have a large culturally diverse population, consider other creative tactics, such as offering job rotations to shift talented diverse employees to locations where there are under-representations.
- **Alignment to talent acquisition** | Engage in diversity outreach by building partnerships at the local level. Meaningful diversity is achieved through relationships. Direct sourcing and proactive succession planning can ensure diversity continuity.

- **Recognize and reward** | Recognize leaders who set a good example of championing diversity.
- **Sustain the gain** | Build on smaller successes by celebrating milestones toward goal attainment.

Strategic imperative or nice to have?

In today's competitive marketplace— a market often characterized by talent scarcity in key skills— diversity has become a strategic imperative, not a “nice to have” initiative. Successful diversity and inclusion programs help support the overall employee value proposition. Recruiting, promoting, and cultivating talent are important to building the pipeline for the continued growth and health of the organization for years to come.

Leadership commitment to an equitable and fair workplace positively impacts employee retention and referrals. In 2005, The Gallup published its public opinion poll, “Employee Discrimination in the Workplace.”⁷ The poll indicated 59% of those “strongly aware of their company’s diversity efforts” were likely to recommend the company to others, while among those who were not aware of their company’s diversity efforts, only 31% were likely to recommend their company to others.

To be competitive in a diverse talent environment, a company must cultivate its brand as an employer of choice with demonstrated diversity success. That brand perception goes beyond “talk” and marketing. It requires action, with a strategic road map that includes specific goals and milestones. The following are some tips to keep in mind for an organization embarking on the journey to diversity and inclusion:

- Realize that improvement evolves over time and is not an overnight transformation.
- Treat diversity the same as any other strategic initiative.
- Benchmark and share lessons learned.
- Encourage involvement at all levels.

Diversity and talent management are intertwined pieces of the same puzzle. By establishing an effective diversity statement, understanding and overcoming cultural barriers, having an awareness of the global shift in demographics, and creating impactful diversity goals, organizations can build a dynamically diverse and high-performing workforce.

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